



**COVERED
CALIFORNIA**

Small Business Health Options Program (SHOP)

Health Insurance Plans

Aug. 1, 2013

About Covered California™

Covered California is charged with creating a new insurance marketplace in which individuals and small businesses can get access to health insurance. With coverage starting in 2014, Covered California will help individuals compare health insurance plans and choose the one that works best for their health needs and budget. Financial help will be available from the federal government to help reduce costs for people who qualify on a sliding scale. Small businesses will be able to purchase competitively priced health plans and offer their employees the ability to choose from an array of plans and may qualify for federal premium assistance. Covered California is an independent part of the state government whose job is to make the new market work for California's consumers. Covered California is a state agency responsible for implementing the federal Patient Protection and Affordable Care Act in California. It is overseen by a five-member board appointed by the Governor and the California State Legislature.

For more information on Covered California, please visit www.CoveredCA.com.

About the Small Business Health Options Program (SHOP)

The Small Business Health Options Program, or SHOP, allows small businesses employing 50 or fewer eligible employees to offer a broad choice of affordable, quality health insurance plans to their workers. SHOP coverage beginning Jan. 1, 2014, will include six health insurance plans in 19 pricing regions throughout California. No region of the state will have fewer than three health insurance plans available, and most will have four or more, with dozens of products to choose from.

Covered California offers small businesses four levels of health insurance plans — Platinum, Gold, Silver and Bronze. Small-business owners will be able to go online to shop and compare coverage options available for their employees.

Certified Covered California insurance agents will assist employers in selecting an “anchor” plan through SHOP's online marketplace. Employers can choose the coverage level that is the best fit, then select the anchor plan in that coverage level that suits their budget. Their employees can choose coverage under the anchor plan, or a different plan so long as it is in the same coverage level. If the employee chooses a more expensive plan, the employee absorbs the additional cost but still has flexibility and choice.

Having this much choice to offer employees puts small businesses on par with larger employers. This is critical in recruiting excellent talent who often seek jobs with top-drawer health benefits. In the past, providing employee choice meant the employer had to pay additional fees. SHOP supplies a broad choice at no additional cost.

Additionally, employees enroll online through SHOP, relieving small businesses of the need to manage enrollment paperwork. Even if employees choose different plans, employers will receive only one consolidated bill.

How Will Covered California's SHOP Help Small Businesses?

Covered California's SHOP will administer enrollment, eligibility, billing and premium collection, so small businesses can focus on their core functions. SHOP also offers an online portal to provide small businesses with ongoing assistance to manage their health insurance.

Small businesses with fewer than 25 full-time-equivalent employees may qualify for federal tax credits of up to 50 percent of the premium cost. The federal tax credit is only available to small businesses that purchase their health coverage through SHOP.

Businesses that previously found it difficult to maintain coverage because of escalating costs can now anchor their contribution to lower cost plans and still provide employees health insurance options.

How much could your small business pay?

Covered California has developed the following scenarios to illustrate how SHOP can offer competitive health insurance options while providing choice for both employees and employers.

The scenarios depict two small businesses:

- 1. a low-wage small business with nine employees**
- 2. a mid-to-high-wage small business with 15 employees**

Each scenario describes health coverage costs employers incurred in 2013, and how much they should expect to pay in 2014 when purchasing a similar level of coverage through SHOP.

For more information about Covered California's SHOP, please contact us at (877) 453-9198 or visit www.CoveredCA.com.

Low-Wage Small Business

2013 Employee Health Benefit Summary

- All employees have elected this employer's offer of coverage
- Employer covers half the cost of each employee's employee-only premium
- Employer does not cover any of the cost of dependent premium
- Employer is currently offering Anthem Blue Cross Deductible 3000 PPO

| Employee No. | Age | Monthly Premium |
|-------------------------------|-----|-----------------|
| 7 | 26 | \$202 |
| 5 | 29 | \$202 |
| 1 | 31 | \$250 |
| 9 | 33 | \$250 |
| 2 | 36 | \$250 |
| 6 | 44 | \$337 |
| 4 | 47 | \$337 |
| 8 | 51 | \$455 |
| 3 | 54 | \$455 |
| Total Invoiced by Carrier | | \$2,738 |
| Total Employer Responsibility | | \$1,369 |
| Total Less Tax Credit (35%) | | \$890 |

2013 Premium Tax Credit Eligibility

- Employee average annual wages are \$24,000
- Employer contributes to employee-only coverage – 50 percent of each employee-only cost
- Total premium contribution from employer for 2013 will be \$16,428
- This employer is entitled to a 35 percent credit on their total contribution to employee health premiums on their 2013 tax filing = \$5,750
- Total employer contribution to employee premiums in 2013 = \$10,678

Low-Wage Small Business

2014 Scenario

- Employer purchases the Silver plan through SHOP on Jan. 1, 2014
- Employer anchors their contribution to the Kaiser Permanente HSA Plan
- Employee average wages continue to be \$24,000
- All nine eligible employees will be enrolling
- Employer continues to cover 50 percent of each employee premium cost
- The following table summarizes employer costs per month in 2014 using employer chosen anchor plan
- Employees are free to pick any plan they want in the employer's chosen tier

| Employee No. | Age | Anthem Deductible 3000 PPO Plan (2013 Plan) | Health Net PPO Plan (Similar SHOP plan) | Blue Shield HMO Plan | Kaiser Permanente HMO Plan | Kaiser Permanente HSA Plan (Anchor Plan) |
|-------------------------------------|-----|---|---|----------------------|----------------------------|--|
| 7 | 26 | \$202 | \$251 | \$257 | \$220 | \$211 |
| 5 | 29 | \$202 | \$275 | \$281 | \$240 | \$230 |
| 1 | 31 | \$250 | \$285 | \$291 | \$249 | \$239 |
| 9 | 33 | \$250 | \$294 | \$301 | \$257 | \$247 |
| 2 | 36 | \$250 | \$302 | \$309 | \$264 | \$253 |
| 6 | 44 | \$337 | \$343 | \$351 | \$300 | \$288 |
| 4 | 47 | \$337 | \$384 | \$393 | \$335 | \$322 |
| 8 | 51 | \$455 | \$458 | \$468 | \$400 | \$384 |
| 3 | 54 | \$455 | \$524 | \$536 | \$458 | \$440 |
| Total Premium | | \$2,738 | \$3,116 | \$3,187 | \$2,613 | \$2,614 |
| Total Employer Responsibility (50%) | | | | | | \$1,307 |
| Total Less Tax Credit (50% in 2014) | | | | | | \$654 |

Mid-to-High-Wage Small Business

2013 Employee Health Benefit Summary

- All employees have elected this employer's offer of coverage
- Employer currently covers 100 percent of the cost of each employee's employee-only premium
- Employer currently does not cover any of the cost of dependent premium
- Employer is currently offering the Blue Shield Base PPO 30 Plan, featuring a \$3,000 calendar year deductible, \$30 office visit co-pay and \$6,000 annual out-of-pocket maximum

| Employee No. | Age | Monthly Premium |
|-------------------------------|-----|-----------------|
| 14 | 22 | \$243 |
| 2 | 25 | \$243 |
| 6 | 28 | \$243 |
| 3 | 30 | \$294 |
| 12 | 37 | \$294 |
| 10 | 38 | \$294 |
| 1 | 40 | \$409 |
| 5 | 40 | \$409 |
| 11 | 40 | \$409 |
| 15 | 40 | \$409 |
| 7 | 44 | \$409 |
| 9 | 45 | \$409 |
| 4 | 50 | \$546 |
| 8 | 50 | \$546 |
| 13 | 58 | \$679 |
| Total Invoiced by Carrier | | \$5,836 |
| Total Employer Responsibility | | \$2,918 |

Mid-to-High-Wage Small Business

2014 Scenario

- Employer purchases the Silver plan through SHOP on Jan. 1, 2014
- Employer anchors their contribution to the Health Net Silver Standard Coinsurance PPO plan
- Employee average wages continue to be \$90,000
- All 15 eligible employees will be enrolling
- Employer continues to cover 50 percent of each employee's premium cost
- Employees are free to pick any plan they want in the employer's chosen tier

| Employee No. | Age | Blue Shield Base PPO 30 Plan (2013 Plan) | Blue Shield HMO Plan | Kaiser Permanente HSA Plan | Kaiser Permanente HMO Plan | Health Net PPO Plan (Anchor Plan) |
|-------------------------------------|-----|--|----------------------|----------------------------|----------------------------|-----------------------------------|
| 14 | 22 | \$243 | \$313 | \$255 | \$265 | \$284 |
| 2 | 25 | \$243 | \$314 | \$256 | \$267 | \$285 |
| 6 | 28 | \$243 | \$340 | \$277 | \$289 | \$308 |
| 3 | 30 | \$294 | \$355 | \$289 | \$301 | \$322 |
| 12 | 37 | \$294 | \$387 | \$315 | \$329 | \$351 |
| 10 | 38 | \$294 | \$389 | \$318 | \$331 | \$353 |
| 1 | 40 | \$409 | \$399 | \$326 | \$339 | \$362 |
| 5 | 40 | \$409 | \$399 | \$326 | \$339 | \$362 |
| 11 | 40 | \$409 | \$399 | \$326 | \$339 | \$362 |
| 15 | 40 | \$409 | \$399 | \$326 | \$339 | \$362 |
| 7 | 44 | \$409 | \$437 | \$356 | \$371 | \$396 |
| 9 | 45 | \$409 | \$451 | \$368 | \$383 | \$410 |
| 4 | 50 | \$546 | \$558 | \$455 | \$474 | \$507 |
| 8 | 50 | \$546 | \$558 | \$455 | \$474 | \$507 |
| 13 | 58 | \$679 | \$796 | \$649 | \$676 | \$723 |
| Total Premium | | \$5,836 | \$6,496 | \$5,296 | \$5,516 | \$5,894 |
| Total Employer Responsibility (50%) | | | | | | \$2,974 |

2014 SHOP Rates Compared to 2013 Small Group Market

The following table looks at average small group rates in select California metropolitan areas for the first quarter of 2013 and compares those figures to an average of the first, second, and third-lowest Silver plan for 2014 Covered California SHOP rates for the same areas.

The average premium between equivalent plans shows that in these areas, premium costs have decreased by as much as 17 percent, except for one region.

Averages for 40-year-old Employee Health Care

| 2014 Lowest Silver Plan | 2014 Second- Lowest Silver Plan | 2014 Third- Lowest Silver Plan | 2014 Average of Three Lowest- Priced Silver Plans | Average of 2013 Comparable Small Group Plans | Difference Between Average Silver Plans & Comparable Small Group Plans |
|----------------------------------|---|--|---|---|--|
|----------------------------------|---|--|---|---|--|

Region 3 — Sacramento County

| | | | | | |
|---|--|-----------------------------------|--------------|--------------|-------------|
| Kaiser Permanente HSA \$295 | Western Health Advantage HSA \$328 | Health Net PPO \$365 | \$329 | \$334 | ↓ 2% |
|---|--|-----------------------------------|--------------|--------------|-------------|

Region 4 — San Francisco County

| | | | | | |
|---|---|-----------------------------------|--------------|--------------|--------------|
| Chinese Community HMO \$223 | Kaiser Permanente HSA \$326 | Health Net PPO \$399 | \$316 | \$403 | ↓ 28% |
|---|---|-----------------------------------|--------------|--------------|--------------|

Region 6 — Alameda County

| | | | | | |
|---|-----------------------------------|------------------------------------|--------------|--------------|--------------|
| Kaiser Permanente HSA \$310 | Health Net PPO \$368 | Blue Shield HMO \$474 | \$384 | \$340 | ↑ 12% |
|---|-----------------------------------|------------------------------------|--------------|--------------|--------------|

Region 15 — Los Angeles County (partial)

| | | | | | |
|---|------------------------------------|-----------------------------------|--------------|--------------|--------------|
| Kaiser Permanente HSA \$263 | Blue Shield HMO \$272 | Health Net PPO \$288 | \$274 | \$311 | ↓ 13% |
|---|------------------------------------|-----------------------------------|--------------|--------------|--------------|

Region 16 — Los Angeles County (partial)

| | | | | | |
|------------------------------------|---|-----------------------------------|--------------|--------------|--------------|
| Blue Shield HMO \$287 | Kaiser Permanente HSA \$290 | Health Net PPO \$349 | \$309 | \$362 | ↓ 17% |
|------------------------------------|---|-----------------------------------|--------------|--------------|--------------|

Region 19 — San Diego County

| | | | | | |
|---|------------------------------|-----------------------------------|--------------|--------------|--------------|
| Kaiser Permanente HSA \$263 | Sharp HSA \$288 | Health Net PPO \$320 | \$290 | \$324 | ↓ 12% |
|---|------------------------------|-----------------------------------|--------------|--------------|--------------|

Assumptions: When there were multiple rates from one plan, lowest cost rate was taken and other rates were excluded from comparison. For example, Sharp has three rates in San Diego that took low positions, therefore Health Net's PPO was chosen as third-lowest Silver plan.

Health Insurance Companies by Pricing Region

| Region | Counties | Insurance Companies |
|--------|---|---|
| 1 | Alpine, Del Norte, Siskiyou, Modoc, Lassen, Shasta, Trinity, Humboldt, Tehama, Plumas, Nevada, Sierra, Mendocino, Lake, Butte, Glenn, Sutter, Yuba, Colusa, Amador, Calaveras, Tuolumne | Blue Shield – PPO (coinsurance), HMO (copay) Health Net – PPO (coinsurance) Kaiser Permanente* – HMO (copay), HMO (coinsurance), HMO (HSA) Western Health Advantage – HMO (copay), HMO (coinsurance), HMO (HSA) <i>*specific areas only</i> |
| 2 | Napa Sonoma Solano Marin | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) Western Health Advantage – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 3 | Sacramento Placer El Dorado Yolo | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) Western Health Advantage – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 4 | San Francisco | Blue Shield – HMO (copay), PPO (coinsurance) Chinese Community Health Plan – HMO (copay), HMO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 5 | Contra Costa | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |

Health Insurance Companies by Pricing Region

| Region | Counties | Insurance Companies |
|--------|---|---|
| 6 | Alameda | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 7 | Santa Clara | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 8 | San Mateo | Blue Shield – HMO (copay), PPO (coinsurance) Chinese Community Health Plan* – HMO (copay), HMO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) <i>*specific areas only</i> |
| 9 | Santa Cruz Monterey San Benito | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 10 | San Joaquin Stanislaus Merced Mariposa Tulare | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |

HMO – health maintenance organization

HSA – health savings account

PPO – preferred provider organization

Health Insurance Companies by Pricing Region

| Region | Counties | Insurance Companies |
|--------|---|--|
| 11 | Fresno Kings Madera | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 12 | San Luis Obispo Ventura Santa Barbara | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 13 | Mono Inyo Imperial | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 14 | Kern | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 15 | Los Angeles (partial) | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 16 | Los Angeles (partial) | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |

Health Insurance Companies by Pricing Region

| Region | Counties | Insurance Companies |
|--------|-----------------------------|---|
| 17 | San Bernardino Riverside | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 18 | Orange | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) |
| 19 | San Diego | Blue Shield – HMO (copay), PPO (coinsurance) Health Net – PPO (coinsurance) Kaiser Permanente – HMO (copay), HMO (coinsurance), HMO (HSA) Sharp Health Plan – HMO (copay), HMO (coinsurance), HMO (HSA) |

HMO – health maintenance organization

HSA – health savings account

PPO – preferred provider organization

blue  of california

Blue Shield of California

Offered in these pricing regions: All

About the insurer:

Blue Shield of California is a California-based nonprofit health insurance company. Our mission is to ensure all Californians have quality health care at an affordable price.

Network

Hospitals: 223

Physicians: 22,048 (does not include hospital-based physicians)

Website: www.blueshieldca.com

Phone: 800-393-6130



Chinese Community Health Plan

Offered in these pricing regions: 4, 8

About the insurer:

Chinese Community Health Plan was formed in 1986 as an alternative health maintenance organization (HMO) for patients served by the Chinese Hospital Health System. The Health System was created more than a century ago to serve Chinese-Americans who were often excluded from mainstream health care. Today, Chinese Community Health Plan continues to offer culturally competent care and is available to those who are employed or reside in San Francisco and northern San Mateo counties.

Network

Hospitals: 9

Physicians: 315

Website: www.cchphmo.com

Phone: 888-775-7888



Health Net

Offered in these pricing regions: All

About the insurer:

Health Net Inc. is a publicly traded managed care organization that delivers managed health care services through health plans and government-sponsored managed care plans.

Network

Hospitals: 204

Physicians: approximately 44,000

Website: www.healthnet.com

Phone: 877-288-9082



Kaiser Permanente

Offered in these pricing regions: All

About the insurer:

Kaiser Permanente began serving the public in October 1945, growing to become one of the nation's largest nonprofit health insurance companies. Today, Kaiser Permanente offers a choice of its many top doctors and specialists and is a pioneer in online tools to let members email their doctor, make appointments and get lab results and prescription refills all online. Kaiser Permanente helps its members to live well, be well and thrive.

Network

Hospitals: 35
Physicians: 14,219

Website: www.kp.org

Phone: 800-464-4000



Sharp Health Plan

Offered in these pricing regions: 19

About the insurer:

As San Diego's only locally based commercial health insurance company, this nonprofit delivery system was formed in 1979.

Network

Hospitals: 10
Physicians: 2,600

Website: www.sharp.com

Phone: 800-827-4277



Western Health Advantage

Western Health Advantage

Offered in these pricing regions: 1, 2, 3

About the insurer:

Western Health Advantage is a nonprofit health insurance company founded by UC Davis Health System, Dignity Health and NorthBay Healthcare System. Western Health Advantage offers services to northern California individuals, families and employees through a broad network of trusted regional health systems and medical groups.

Network

Hospitals: 15

Physicians: 3,000

Website: www.westernhealth.com

Phone: 888-563-2250



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